

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, September 22, 1999

APPLICATION PROCESSING OPTIONS

PURPOSE OF REPORT

To provide options for reducing the School Facility Program (SFP) application processing timeline to meet a 60 to 90 day processing goal.

BACKGROUND

On August 25, 1999, the Interim Executive Officer for the Office of Public School Construction (OPSC) reported to the State Allocation Board (SAB) that the huge volume of SFP applications had impeded the OPSC from sustaining or meeting that processing goal. As of September 7, 1999, the OPSC has received a total of 5,651 new construction and modernization SFP applications. The SAB was advised that staff would begin to focus processing efforts exclusively on SFP new construction and modernization funding applications for the next 60 days to reduce the funding backlog and ensure that construction ready projects are processed within 60 to 90 days.

During the presentation of this report, one of the SAB members requested that the OPSC examine the current processes for purposes of formulating options to reduce the SFP application processing time to within 60 to 90 days. Options for potentially achieving that shorter timeline are provided under the Staff Comments below.

STAFF COMMENTS

The Board may wish to reduce some of the following OPSC processing in order to reduce the application processing time and expenses of the OPSC:

Eligibility Processing Functions

1. Discontinue new construction project school site visits.

The current OPSC new construction eligibility process begins with a school district submitting a complete eligibility application. The OPSC performs site visits on an appropriate number of schools to validate submitted data or correct errors and omissions. After inconsistencies are reconciled to assure compliance with the SAB Regulations, the OPSC processes the project for SAB approval of eligibility.

2. Discontinue modernization project site visits.

The OPSC performs site visits on each site where modernization funding is requested to assure compliance with the SAB Regulations.

(Continued on Page Two)

STAFF COMMENTS (Cont.)

Elimination of these processing functions would preclude the OPSC from validating the one-time Existing School Building Capacity determination by site visits and could lead to inaccurate eligibility calculations for districts (i.e. either increased or decreased). A random sample of recent eligibility applications was reviewed to determine the percentage of applications that contained inaccuracies. An analysis of the random sample yielded errors on 40 percent of the applications that resulted in an average decrease in eligibility of approximately six percent for districts. It should be noted that in many situations the site visit resulted in increased district eligibility.

Funding Application Processing Functions

1. Accept without OPSC review funding application information.

The OPSC review consists of verifying/analyzing the information submitted on the district's funding application for items such as site acquisition costs, the number of pupils and classrooms included in the project, and excessive cost hardship grants requested.

2. Eliminate the OPSC plan review and analysis of site development costs.

The OPSC review consists of verifying/analyzing the information submitted on the funding application for items such as multilevel construction, special day class facilities, service-site/off-site development costs, and utility costs.

Elimination of these processing functions would preclude the OPSC from verifying and correcting information that may be in error that would either increase or decrease funding grants to districts. A random sample of recent funding applications was reviewed to determine the percentage of applications that contained inaccuracies. An analysis of the random sample yielded errors on 60 percent of the applications that resulted in an average decrease in funding of eight percent for item 1 and average decrease of 40 percent in funding for item 2. Some district's requests for funding were increased as a result of this review.

Financial Hardship Processing Functions

Accept without review the financial hardship application data.

The current OPSC review consists of an audit of the district's financial statements, expenditures and encumbrances, verification of maximum developer fee collection, and the level of district bonded indebtedness.

Eliminating this function will prohibit the OPSC from verifying financial information submitted by the district. The OPSC financial reviews have resulted in an additional \$61 million in available local funds provided by districts toward their financial hardship applications and in the withdrawal or disapproval of an additional 138 financial hardship applications worth an estimated \$34 million.

OPSC STAFFING

The OPSC has previously submitted a budget change proposal (BCP) requesting an additional 32 positions to allow for efficient and effective processing of the SFP workload. The OPSC has received authorization for 12 limited term positions. The OPSC has subsequently developed another BCP requesting a total of 31 additional positions effective January 1, 2000. This modified request is based on factual data (i.e. actual monthly workload and processing timelines) derived from managing the new SFP program. This revised BCP request is the anticipated number of staff necessary to process all new SFP workload as well as complete workload associated with the LPP in a timely manner.

RECOMMENDATIONS

1. Direct staff to reduce some of the processing functions to assure a 60 to 90 day processing timeline.
2. Direct staff to proceed with the BCP request.

BOARD ACTION

In considering this Item, the Board only approved the OPSC's recommendation number 2.

The Board requested OPSC to prepare a resolution for the SAB regarding the OPSC/CDE staffing needs for the SFP.